

## ARKANSAS PUBLIC SERVICE COMMISSION

ARK. PUBLIC SERV. COMM

1st Revised

Sheet No. 2-5

Original

Sheet No. 2-5

Central Arkansas Telephone Cooperative, Inc.  
Company Name

SECRETARY OF COMM.

2012 APR -2 P 1:45

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Kind of Service Telecommunications Class of Service: All

Part III. Rate Schedule No. 2

Title: LIFELINE SERVICE

PSC File Mark Only

## (CT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.5 CERTIFICATION (cont)

## 2.5.2 Certification of eligibility through low income qualification.

## 2.5.2.1

This ETC participates in the ALIVE Board program established by the Arkansas General Assembly in 2005 through Act 2289 of 2005 to provide a governmentally maintained income qualification certification process that includes self-certification by applicants, under penalty of perjury, that the documentation presented by the applicant accurately represents their annual household income and provides the number of individuals in the household. Per F.C.C. order, each subscriber must provide certain certifications when enrolling in the Lifeline Program. New Lifeline subscribers must provide documentation of program-based eligibility, which the Telephone Company enrolling the subscriber should review, but not retain. Should the subscriber attempt to certify based on income, the Telephone Company shall be provided supporting documentation in order to complete the certification. The certifying document shall also include the requirement that the consumer will notify this ETC if the consumer's income exceeds 135% of the Federal Poverty Guidelines. The ALIVE Board program shall provide this ETC with a copy of the above referenced procedures. This ETC shall review the procedures to ensure the procedures are appropriate to certify and document income

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Central Arkansas Telephone Cooperative, Inc.

Company Name

Kind of Service Telecommunications

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## (CT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.5 CERTIFICATION (cont)

## 2.5.2.2

This ETC shall monitor the ALIVE Board to ensure the ALIVE Board establishes appropriate procedures and provides this ETC with a copy of such procedures. This ETC shall review the procedures to ensure the procedures are appropriate to certify and document income based eligibility for lifeline enrollment. An officer of this ETC shall monitor the ALIVE Board certification process and procedures and shall certify at time of enrollment, under penalty of perjury, to the best of the officer's knowledge, that this ETC has procedures in place to review documentation via the ALIVE Board, and that the ETC, via the ALIVE Board, was presented with documentation that confirms the consumer's household eligibility, in that the consumer's household income is at or below 135% of the Federal Poverty Guidelines.

## 2.5.3 Certification of eligibility through participation in governmental programs

## 2.5.3.1

The applicant's eligibility for lifeline service due to participation in governmental programs shall be certified by the applicant in coordination with the governmental entity providing, monitoring, or reviewing program participation. For instance, many programs may be provided by the Department of Human Services, Department of Health, and local school districts. This ETC, through the ALIVE board or the third-party, will coordinate with the applicant and the appropriate governmental entity to ensure proper certification. This ETC shall require the third-party to establish appropriate procedures that include self-certification by applicants, under penalty of perjury, that the applicant receives benefits from the eligibility programs and identify the program or programs from which the applicant receives benefits. The certifying document shall also include the requirement that the consumer will notify this ETC if the consumer ceases to participate in the program or programs.



## ARKANSAS PUBLIC SERVICE COMMISSION

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Sheet No. 2-7

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Central Arkansas Telephone Cooperative, Inc.

Company Name

Kind of Service Telecommunications

Class of Service: All

Part III. Rate Schedule No. 2

Title: LIFELINE SERVICE

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## (CT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.6 CONSUMER COMPLAINT RESOLUTION

## 2.6.1 General

## 2.6.1.1

The Federal Lifeline Program requires a consumer complaint resolution process. The Arkansas Public Service Commission has determined in Order No. 1 of Docket No. 05-038-U that any ETC, which maintains tariffs and is subject to the Public Service Commission's consumer complaint procedures, meet the dispute resolution requirements for Lifeline. This ETC is subject to the Public Service Commission's consumer complaint procedures and shall use the Public Service Commission's consumer complaint procedures to meet the dispute resolution requirements for Lifeline.

## 2.7 VERIFICATION OF CONTINUED ELIGIBILITY

## 2.7.1 General

## 2.7.1.1

The Lifeline program requires this ETC to annually monitor the continued eligibility of Lifeline participants by requiring each Lifeline subscriber, both existing subscribers and new subscribers, to provide annual self-certifications attesting to their continued eligibility of the program. During the re-certification process for year 2012, the Telephone Company shall re-certify all of their subscribers claimed on their June FCC Form 497 and report the results of this annual re-certification process to the Commission, USAC, and the Arkansas State Commission by the end of 2012. Beginning in 2013, this Telephone Company will annually choose to either, where ETCs cannot re-certify their subscribers by accessing a database, to re-certify their Lifeline customers on a annual basis or elect to have USAC re-certify them. Also, should the Telephone Company choose to use a state of federal program database to confirm a consumers ongoing eligibility for Lifeline, the annual re-certification will not be implemented.

## ARKANSAS PUBLIC SERVICE COMMISSION

2nd Revised

Sheet No. 2-8

1st Revised

Sheet No. 2-8

Central Arkansas Telephone Cooperative, Inc.  
Company Name

Kind of Service Telecommunications Class of Service: All

Part III. Rate Schedule No. 2

Title: LIFELINE SERVICE

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## (CT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.7 VERIFICATION OF CONTINUED ELIGIBILITY (cont)

## 2.7.2 (Reserved for future use).

## 2.7.2.1 (Reserved for future use)

## 2.7.2.2 (Reserved for future use)

## 2.8 PROCESS FOR TERMINATION OF LIFELINE BENEFITS

## 2.8.1 General

2.8.1.1 A consumer's eligibility for Lifeline may be terminated due to failure to maintain qualifications for Lifeline. This ETC shall follow the required process for termination of Lifeline benefits.

## 2.8.2 Process

2.8.2.1 Customers will be notified of the impending termination of Lifeline benefits in a letter separate from the consumer's monthly bill.

2.8.2.2 The customer will have up to sixty (60) days from the date of the termination letter in which to demonstrate his or her continued eligibility before Lifeline support is discontinued.

2.8.2.3 A customer who appeals must present proof of continued eligibility consistent with the above Lifeline qualifications.

2.8.2.4 This ETC will terminate Lifeline services for subscribers who fail to demonstrate continued eligibility within the sixty (60) day time period.

## ARKANSAS PUBLIC SERVICE COMMISSION

|                                                     |                              |                                                                                                      |
|-----------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------|
| <u>2nd Revised</u>                                  | Sheet No. <u>2-9</u>         | ARK. PUBLIC SERV. COMM<br>SECRETARY OF COMM.<br>2012 APR -2 P 1:45<br>RECEIVED<br>PSC File Mark Only |
| <u>1st Revised</u>                                  | Sheet No. <u>2-9</u>         |                                                                                                      |
| <u>Central Arkansas Telephone Cooperative, Inc.</u> |                              |                                                                                                      |
| Company Name                                        |                              |                                                                                                      |
| Kind of Service <u>Telecommunications</u>           | Class of Service: <u>All</u> |                                                                                                      |
| Part III. Rate Schedule No. <u>2</u>                |                              |                                                                                                      |
| Title: <b>LIFELINE SERVICE</b>                      |                              |                                                                                                      |

## (AT) 2. LIFELINE ASSISTANCE PROGRAM (continued)

## 2.9 RECORD RETENTION POLICY

## 2.9.1 General

2.9.1.1 The Federal Communications Commission has established specific record retention requirements for the Lifeline certification process. This ETC will have specific procedures to ensure its record retention policy complies with legal requirements.

2.9.2 This ETC, through its own recordkeeping or through the recordkeeping of the ALIVE Board and its third-party contractor on behalf of this ETC, shall maintain certification records for the period of time required by the Federal Communications Commission for all Lifeline participants.

2.9.3 This ETC shall retain certifications, signed by the subscriber, regarding the consumer's eligibility for Lifeline, including self-certifications, that income documentation accurately reflects the household income. This certification shall be retained at least as long as the consumer receives Lifeline service from this ETC or until this ETC is audited by the Administrator. This ETC shall maintain certifications for subscribers terminating Lifeline service for at least three (3) years after termination. Such records shall be maintained in compliance with all federal and Public Service Commission requirements and such records shall be provided to the Administrator or the Public Service Commission upon proper request.



According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

### OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

BORROWER NAME

Central Arkansas Telephone Cooperative, Inc.

(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.  
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING  
December, 2013

BORROWER DESIGNATION  
AR0515

#### CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII  
(Check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

john faris

6/11/2014

DATE

#### PART A. BALANCE SHEET

| ASSETS                                   | BALANCE<br>PRIOR YEAR | BALANCE<br>END OF PERIOD | LIABILITIES AND STOCKHOLDERS' EQUITY                          | BALANCE<br>PRIOR YEAR | BALANCE<br>END OF PERIOD |
|------------------------------------------|-----------------------|--------------------------|---------------------------------------------------------------|-----------------------|--------------------------|
| <b>CURRENT ASSETS</b>                    |                       |                          | <b>CURRENT LIABILITIES</b>                                    |                       |                          |
| 1. Cash and Equivalents                  |                       |                          | 25. Accounts Payable                                          |                       |                          |
| 2. Cash-RUS Construction Fund            |                       |                          | 26. Notes Payable                                             |                       |                          |
| 3. Affiliates:                           |                       |                          | 27. Advance Billings and Payments                             |                       |                          |
| a. Telecom, Accounts Receivable          |                       |                          | 28. Customer Deposits                                         |                       |                          |
| b. Other Accounts Receivable             |                       |                          | 29. Current Mat. L/T Debt                                     |                       |                          |
| c. Notes Receivable                      |                       |                          | 30. Current Mat. L/T Debt-Rur. Dev.                           |                       |                          |
| 4. Non-Affiliates:                       |                       |                          | 31. Current Mat.-Capital Leases                               |                       |                          |
| a. Telecom, Accounts Receivable          |                       |                          | 32. Income Taxes Accrued                                      |                       |                          |
| b. Other Accounts Receivable             |                       |                          | 33. Other Taxes Accrued                                       |                       |                          |
| c. Notes Receivable                      |                       |                          | 34. Other Current Liabilities                                 |                       |                          |
| 5. Interest and Dividends Receivable     |                       |                          | 35. Total Current Liabilities (25 thru 34)                    |                       |                          |
| 6. Material-Regulated                    |                       |                          | <b>LONG-TERM DEBT</b>                                         |                       |                          |
| 7. Material-Nonregulated                 |                       |                          | 36. Funded Debt-RUS Notes                                     |                       |                          |
| 8. Prepayments                           |                       |                          | 37. Funded Debt-RTB Notes                                     |                       |                          |
| 9. Other Current Assets                  |                       |                          | 38. Funded Debt-FFB Notes                                     |                       |                          |
| 10. Total Current Assets (1 Thru 9)      |                       |                          | 39. Funded Debt-Other                                         |                       |                          |
| <b>NONCURRENT ASSETS</b>                 |                       |                          | 40. Funded Debt-Rural Develop. Loan                           |                       |                          |
| 11. Investment in Affiliated Companies   |                       |                          | 41. Premium (Discount) on L/T Debt                            |                       |                          |
| a. Rural Development                     |                       |                          | 42. Reacquired Debt                                           |                       |                          |
| b. Nonrural Development                  |                       |                          | 43. Obligations Under Capital Lease                           |                       |                          |
| 12. Other Investments                    |                       |                          | 44. Adv. From Affiliated Companies                            |                       |                          |
| a. Rural Development                     |                       |                          | 45. Other Long-Term Debt                                      |                       |                          |
| b. Nonrural Development                  |                       |                          | 46. Total Long-Term Debt (36 thru 45)                         |                       |                          |
| 13. Nonregulated Investments             |                       |                          | <b>OTHER LIAB. &amp; DEF. CREDITS</b>                         |                       |                          |
| 14. Other Noncurrent Assets              |                       |                          | 47. Other Long-Term Liabilities                               |                       |                          |
| 15. Deferred Charges                     |                       |                          | 48. Other Deferred Credits                                    |                       |                          |
| 16. Jurisdictional Differences           |                       |                          | 49. Other Jurisdictional Differences                          |                       |                          |
| 17. Total Noncurrent Assets (11 thru 16) |                       |                          | 50. Total Other Liabilities and Deferred Credits (47 thru 49) |                       |                          |
| <b>PLANT, PROPERTY, AND EQUIPMENT</b>    |                       |                          | <b>EQUITY</b>                                                 |                       |                          |
| 18. Telecom, Plant-in-Service            |                       |                          | 51. Cap. Stock Outstand. & Subscribed                         |                       |                          |
| 19. Property Held for Future Use         |                       |                          | 52. Additional Paid-in-Capital                                |                       |                          |
| 20. Plant Under Construction             |                       |                          | 53. Treasury Stock                                            |                       |                          |
| 21. Plant Adj., Nonop. Plant & Goodwill  |                       |                          | 54. Membership and Cap. Certificates                          |                       |                          |
| 22. Less Accumulated Depreciation        |                       |                          | 55. Other Capital                                             |                       |                          |
| 23. Net Plant (18 thru 21 less 22)       |                       |                          | 56. Patronage Capital Credits                                 |                       |                          |
| 24. TOTAL ASSETS (10+17+23)              |                       |                          | 57. Retained Earnings or Margins                              |                       |                          |
|                                          |                       |                          | 58. Total Equity (51 thru 57)                                 |                       |                          |
|                                          |                       |                          | 59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)                |                       |                          |

Total Equity = 85.20% % of Total Assets

|                                                                                 |  |                      |           |
|---------------------------------------------------------------------------------|--|----------------------|-----------|
| USDA-RUS                                                                        |  | BORROWER DESIGNATION |           |
| OPERATING REPORT FOR<br>TELECOMMUNICATIONS BORROWERS                            |  | AR0515               |           |
|                                                                                 |  | PERIOD ENDING        |           |
| INSTRUCTIONS- See RUS Bulletin 1744-2                                           |  | December, 2013       |           |
| PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS                   |  |                      |           |
| ITEM                                                                            |  | PRIOR YEAR           | THIS YEAR |
| 1. Local Network Services Revenues                                              |  |                      |           |
| 2. Network Access Services Revenues                                             |  |                      |           |
| 3. Long Distance Network Services Revenues                                      |  |                      |           |
| 4. Carrier Billing and Collection Revenues                                      |  |                      |           |
| 5. Miscellaneous Revenues                                                       |  |                      |           |
| 6. Uncollectible Revenues                                                       |  |                      |           |
| 7. Net Operating Revenues (1 thru 5 less 6)                                     |  |                      |           |
| 8. Plant Specific Operations Expense                                            |  |                      |           |
| 9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization) |  |                      |           |
| 10. Depreciation Expense                                                        |  |                      |           |
| 11. Amortization Expense                                                        |  |                      |           |
| 12. Customer Operations Expense                                                 |  |                      |           |
| 13. Corporate Operations Expense                                                |  |                      |           |
| 14. Total Operating Expenses (8 thru 13)                                        |  |                      |           |
| 15. Operating Income or Margins (7 less 14)                                     |  |                      |           |
| 16. Other Operating Income and Expenses                                         |  |                      |           |
| 17. State and Local Taxes                                                       |  |                      |           |
| 18. Federal Income Taxes                                                        |  |                      |           |
| 19. Other Taxes                                                                 |  |                      |           |
| 20. Total Operating Taxes (17+18+19)                                            |  |                      |           |
| 21. Net Operating Income or Margins (15+16-20)                                  |  |                      |           |
| 22. Interest on Funded Debt                                                     |  |                      |           |
| 23. Interest Expense - Capital Leases                                           |  |                      |           |
| 24. Other Interest Expense                                                      |  |                      |           |
| 25. Allowance for Funds Used During Construction                                |  |                      |           |
| 26. Total Fixed Charges (22+23+24-25)                                           |  |                      |           |
| 27. Nonoperating Net Income                                                     |  |                      |           |
| 28. Extraordinary Items                                                         |  |                      |           |
| 29. Jurisdictional Differences                                                  |  |                      |           |
| 30. Nonregulated Net Income                                                     |  |                      |           |
| 31. Total Net Income or Margins (21+27+28+29+30-26)                             |  |                      |           |
| 32. Total Taxes Based on Income                                                 |  |                      |           |
| 33. Retained Earnings or Margins Beginning-of-Year                              |  |                      |           |
| 34. Miscellaneous Credits Year-to-Date                                          |  |                      |           |
| 35. Dividends Declared (Common)                                                 |  |                      |           |
| 36. Dividends Declared (Preferred)                                              |  |                      |           |
| 37. Other Debits Year-to-Date                                                   |  |                      |           |
| 38. Transfers to Patronage Capital                                              |  |                      |           |
| 39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]     |  |                      |           |
| 40. Patronage Capital Beginning-of-Year                                         |  |                      |           |
| 41. Transfers to Patronage Capital                                              |  |                      |           |
| 42. Patronage Capital Credits Retired                                           |  |                      |           |
| 43. Patronage Capital End-of-Year (40+41-42)                                    |  |                      |           |
| 44. Annual Debt Service Payments                                                |  |                      |           |
| 45. Cash Ratio [(14+20-10-11) / 7]                                              |  |                      |           |
| 46. Operating Accrual Ratio [(14+20+26) / 7]                                    |  |                      |           |
| 47. TIER [(31+26) / 26]                                                         |  |                      |           |
| 48. DSCR [(31+26+10+11) / 44]                                                   |  |                      |           |

|                                                                                                                                   |                 |     |                                      |             |       |                                                                      |       |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|-----|--------------------------------------|-------------|-------|----------------------------------------------------------------------|-------|
| USDA-RUS<br><br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b><br><br><i>INSTRUCTIONS - See RUS Bulletin 1744-2</i> |                 |     |                                      |             |       | BORROWER DESIGNATION<br>AR0515<br><br>PERIOD ENDED<br>December, 2013 |       |
| <b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b>                                            |                 |     |                                      |             |       |                                                                      |       |
|                                                                                                                                   | <b>1. RATES</b> |     | <b>2. SUBSCRIBERS (ACCESS LINES)</b> |             |       | <b>3. ROUTE MILES</b>                                                |       |
| EXCHANGE                                                                                                                          | B-1             | R-1 | BUSINESS                             | RESIDENTIAL | TOTAL | TOTAL<br>(including fiber)                                           | FIBER |
|                                                                                                                                   | (a)             | (b) | (a)                                  | (b)         | (c)   | (a)                                                                  | (b)   |
| Bismark                                                                                                                           |                 |     |                                      |             |       |                                                                      |       |
| Donaldson                                                                                                                         |                 |     |                                      |             |       |                                                                      |       |
| MobileWireless                                                                                                                    |                 |     |                                      |             |       |                                                                      |       |
| Route Mileage<br>Outside Exchange<br>Area                                                                                         |                 |     |                                      |             |       |                                                                      |       |
| Total                                                                                                                             |                 |     |                                      |             |       |                                                                      |       |
| No. Exchanges                                                                                                                     |                 |     |                                      |             |       |                                                                      |       |



| USDA-RUS<br><br><b>OPERATING REPORT FOR<br/>TELECOMMUNICATIONS BORROWERS</b><br><br><i>INSTRUCTIONS - See RUS Bulletin 1744-2</i> |                                                 |                                       |                                 |                                              |                                            |                        | BORROWER DESIGNATION<br>AR0515<br><br>PERIOD ENDED<br>December, 2013 |                              |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------|---------------------------------|----------------------------------------------|--------------------------------------------|------------------------|----------------------------------------------------------------------|------------------------------|
| <b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b>                                            |                                                 |                                       |                                 |                                              |                                            |                        |                                                                      |                              |
| <b>4. BROADBAND SERVICE</b>                                                                                                       |                                                 |                                       |                                 |                                              |                                            |                        |                                                                      |                              |
| <b>Details on Least Expensive Broadband Service</b>                                                                               |                                                 |                                       |                                 |                                              |                                            |                        |                                                                      |                              |
| EXCHANGE                                                                                                                          | No. Access Lines<br>with BB<br>available<br>(a) | No Of Broadband<br>Subscribers<br>(b) | Number Of<br>Subscribers<br>(c) | Advertised<br>Download Rate<br>(Kbps)<br>(d) | Advertised<br>Upload<br>Rate (Kbps)<br>(e) | Price Per Month<br>(f) | Standalone/Pckg<br>(f)                                               | Type Of<br>Technology<br>(g) |
| Bismark                                                                                                                           |                                                 |                                       |                                 |                                              |                                            |                        |                                                                      |                              |
| Donaldson                                                                                                                         |                                                 |                                       |                                 |                                              |                                            |                        |                                                                      |                              |
| Total                                                                                                                             |                                                 |                                       |                                 |                                              |                                            |                        |                                                                      |                              |

|                                                                                                                                                                                                                                                                                                            |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------|
| <b>USDA-RUS</b><br><br><b>OPERATING REPORT FOR</b><br><b>TELECOMMUNICATIONS BORROWERS</b>                                                                                                                                                                                                                  |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>BORROWER DESIGNATION</b><br>AR0515<br><br><b>PERIOD ENDING</b><br>December, 2013 |                                                 |                               |
| INSTRUCTIONS- See RUS Bulletin 1744-2                                                                                                                                                                                                                                                                      |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| <b>PART D. SYSTEM DATA</b>                                                                                                                                                                                                                                                                                 |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 1. No. Plant Employees                                                                                                                                                                                                                                                                                     | 2. No. Other Employees             | 3. Square Miles Served                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 4. Access Lines per Square Mile                                                     | 5. Subscribers per Route Mile                   |                               |
|                                                                                                                                                                                                                                                                                                            |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| <b>PART E. TOLL DATA</b>                                                                                                                                                                                                                                                                                   |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 1. Study Area ID Code(s)<br><br>a. <input type="text"/><br>b. <input type="text"/><br>c. <input type="text"/><br>d. <input type="text"/><br>e. <input type="text"/><br>f. <input type="text"/><br>g. <input type="text"/><br>h. <input type="text"/><br>i. <input type="text"/><br>j. <input type="text"/> |                                    | 2. Types of Toll Settlements (Check one)<br><br><div style="display: flex; justify-content: space-between;"> <div>Interstate:</div> <div> <input type="checkbox"/> Average Schedule           <input checked="" type="checkbox"/> Cost Basis         </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div>Intrastate:</div> <div> <input type="checkbox"/> Average Schedule           <input checked="" type="checkbox"/> Cost Basis         </div> </div> |                                                                                     |                                                 |                               |
| <b>PART F. FUNDS INVESTED IN PLANT DURING YEAR</b>                                                                                                                                                                                                                                                         |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 1. RUS, RTB, & FFB Loan Funds Expended                                                                                                                                                                                                                                                                     |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 2. Other Long-Term Loan Funds Expended                                                                                                                                                                                                                                                                     |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 3. Funds Expended Under RUS Interim Approval                                                                                                                                                                                                                                                               |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 4. Other Short-Term Loan Funds Expended                                                                                                                                                                                                                                                                    |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 5. General Funds Expended (Other than Interim)                                                                                                                                                                                                                                                             |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 6. Salvaged Materials                                                                                                                                                                                                                                                                                      |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 7. Contribution in Aid to Construction                                                                                                                                                                                                                                                                     |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 8. Gross Additions to Telecom. Plant (1 thru 7)                                                                                                                                                                                                                                                            |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| <b>PART G. INVESTMENTS IN AFFILIATED COMPANIES</b>                                                                                                                                                                                                                                                         |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| <b>INVESTMENTS</b><br><br>(a)                                                                                                                                                                                                                                                                              | <b>CURRENT YEAR DATA</b>           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>CUMULATIVE DATA</b>                                                              |                                                 |                               |
|                                                                                                                                                                                                                                                                                                            | Investment<br>This Year<br><br>(b) | Income/Loss<br>This Year<br><br>(c)                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Cumulative<br>Investment<br>To Date<br><br>(d)                                      | Cumulative<br>Income/Loss<br>To Date<br><br>(e) | Current<br>Balance<br><br>(f) |
| 1. Investment in Affiliated Companies - Rural Development                                                                                                                                                                                                                                                  |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |
| 2. Investment in Affiliated Companies - Nonrural Development                                                                                                                                                                                                                                               |                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                     |                                                 |                               |

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| <b>USDA-RUS</b><br><br><b>OPERATING REPORT FOR</b><br><b>TELECOMMUNICATIONS BORROWERS</b>                                                                                                                                                                                           | BORROWER DESIGNATION<br>AR0515<br><br>PERIOD ENDING<br>December, 2013 |
| <b>PART H. CURRENT DEPRECIATION RATES</b>                                                                                                                                                                                                                                           |                                                                       |
| Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one) <span style="float: right;"> <input checked="checked" type="checkbox"/> YES           <input type="checkbox"/> NO         </span> |                                                                       |
| <b>EQUIPMENT CATEGORY</b>                                                                                                                                                                                                                                                           | <b>DEPRECIATION RATE</b>                                              |
| 1. Land and support assets - Motor Vehicles                                                                                                                                                                                                                                         |                                                                       |
| 2. Land and support assets - Aircraft                                                                                                                                                                                                                                               |                                                                       |
| 3. Land and support assets - Special purpose vehicles                                                                                                                                                                                                                               |                                                                       |
| 4. Land and support assets - Garage and other work equipment                                                                                                                                                                                                                        |                                                                       |
| 5. Land and support assets - Buildings                                                                                                                                                                                                                                              |                                                                       |
| 6. Land and support assets - Furniture and Office equipment                                                                                                                                                                                                                         |                                                                       |
| 7. Land and support assets - General purpose computers                                                                                                                                                                                                                              |                                                                       |
| 8. Central Office Switching - Digital                                                                                                                                                                                                                                               |                                                                       |
| 9. Central Office Switching - Analog & Electro-mechanical                                                                                                                                                                                                                           |                                                                       |
| 10. Central Office Switching - Operator Systems                                                                                                                                                                                                                                     |                                                                       |
| 11. Central Office Transmission - Radio Systems                                                                                                                                                                                                                                     |                                                                       |
| 12. Central Office Transmission - Circuit equipment                                                                                                                                                                                                                                 |                                                                       |
| 13. Information origination/termination - Station apparatus                                                                                                                                                                                                                         |                                                                       |
| 14. Information origination/termination - Customer premises wiring                                                                                                                                                                                                                  |                                                                       |
| 15. Information origination/termination - Large private branch exchanges                                                                                                                                                                                                            |                                                                       |
| 16. Information origination/termination - Public telephone terminal equipment                                                                                                                                                                                                       |                                                                       |
| 17. Information origination/termination - Other terminal equipment                                                                                                                                                                                                                  |                                                                       |
| 18. Cable and wire facilities - Poles                                                                                                                                                                                                                                               |                                                                       |
| 19. Cable and wire facilities - Aerial cable - Metal                                                                                                                                                                                                                                |                                                                       |
| 20. Cable and wire facilities - Aerial cable - Fiber                                                                                                                                                                                                                                |                                                                       |
| 21. Cable and wire facilities - Underground cable - Metal                                                                                                                                                                                                                           |                                                                       |
| 22. Cable and wire facilities - Underground cable - Fiber                                                                                                                                                                                                                           |                                                                       |
| 23. Cable and wire facilities - Buried cable - Metal                                                                                                                                                                                                                                |                                                                       |
| 24. Cable and wire facilities - Buried cable - Fiber                                                                                                                                                                                                                                |                                                                       |
| 25. Cable and wire facilities - Conduit systems                                                                                                                                                                                                                                     |                                                                       |
| 26. Cable and wire facilities - Other                                                                                                                                                                                                                                               |                                                                       |
|                                                                                                                                                                                                                                                                                     |                                                                       |



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| USDA-RUS                                                                                                       |  | BORROWER DESIGNATION<br>AR0515 |  |
| OPERATING REPORT FOR<br>TELECOMMUNICATIONS BORROWERS                                                           |  | PERIOD ENDED<br>December, 2013 |  |
| INSTRUCTIONS – See help in the online application.                                                             |  |                                |  |
| <b>PART I – STATEMENT OF CASH FLOWS</b>                                                                        |  |                                |  |
| <b>1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)</b>                                     |  |                                |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                    |  |                                |  |
| <b>2. Net Income</b>                                                                                           |  |                                |  |
| <i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>                        |  |                                |  |
| 3. Add: Depreciation                                                                                           |  |                                |  |
| 4. Add: Amortization                                                                                           |  |                                |  |
| 5. Other (Explain)<br>Loss/Gain from disposal of assets                                                        |  |                                |  |
| <i>Changes in Operating Assets and Liabilities</i>                                                             |  |                                |  |
| 6. Decrease/(Increase) in Accounts Receivable                                                                  |  |                                |  |
| 7. Decrease/(Increase) in Materials and Inventory                                                              |  |                                |  |
| 8. Decrease/(Increase) in Prepayments and Deferred Charges                                                     |  |                                |  |
| 9. Decrease/(Increase) in Other Current Assets                                                                 |  |                                |  |
| 10. Increase/(Decrease) in Accounts Payable                                                                    |  |                                |  |
| 11. Increase/(Decrease) in Advance Billings & Payments                                                         |  |                                |  |
| 12. Increase/(Decrease) in Other Current Liabilities                                                           |  |                                |  |
| <b>13. Net Cash Provided/(Used) by Operations</b>                                                              |  |                                |  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                    |  |                                |  |
| 14. Decrease/(Increase) in Notes Receivable                                                                    |  |                                |  |
| 15. Increase/(Decrease) in Notes Payable                                                                       |  |                                |  |
| 16. Increase/(Decrease) in Customer Deposits                                                                   |  |                                |  |
| 17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)                                   |  |                                |  |
| 18. Increase/(Decrease) in Other Liabilities & Deferred Credits                                                |  |                                |  |
| 19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital |  |                                |  |
| 20. Less: Payment of Dividends                                                                                 |  |                                |  |
| 21. Less: Patronage Capital Credits Retired                                                                    |  |                                |  |
| 22. Other (Explain)<br>Interest and Dividends Receivable                                                       |  |                                |  |
| <b>23. Net Cash Provided/(Used) by Financing Activities</b>                                                    |  |                                |  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                    |  |                                |  |
| 24. Net Capital Expenditures (Property, Plant & Equipment)                                                     |  |                                |  |
| 25. Other Long-Term Investments                                                                                |  |                                |  |
| 26. Other Noncurrent Assets & Jurisdictional Differences                                                       |  |                                |  |
| 27. Other (Explain)<br>Reclass 2012 subsidiary dividend/Other Comprehensive Income                             |  |                                |  |
| <b>28. Net Cash Provided/(Used) by Investing Activities</b>                                                    |  |                                |  |
| <b>29. Net Increase/(Decrease) in Cash</b>                                                                     |  |                                |  |
| <b>30. Ending Cash</b>                                                                                         |  |                                |  |

Revision Date 2010

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| USDA-RUS<br><br>OPERATING REPORT FOR<br>TELECOMMUNICATIONS BORROWERS | BORROWER DESIGNATION<br><br>AR0515 |
| INSTRUCTIONS - See RUS Bulletin 1744-2                               | PERIOD ENDED<br>December, 2013     |
| NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS       |                                    |
|                                                                      |                                    |

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| USDA-RUS<br><br>OPERATING REPORT FOR<br>TELECOMMUNICATIONS BORROWERS                      | BORROWER DESIGNATION<br><br>AR0515 |
| INSTRUCTIONS - See RUS Bulletin 1744-2                                                    | PERIOD ENDED<br>December, 2013     |
| CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS |                                    |
|                                                                                           |                                    |